

IC 6-1.1-21.7

Chapter 21.7. Emergency Property Tax Shortfall Loans

IC 6-1.1-21.7-1

"Base year" defined

Sec. 1. As used in this chapter, "base year" means the calendar year immediately before the calendar year in which an act of the United States Congress described in section 6(b)(1) of this chapter initially takes effect to reduce or eliminate the payment by a taxpayer of property taxes or payments in lieu of property taxes.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-2

"Board" defined

Sec. 2. As used in this chapter, "board" refers to the state board of finance.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-3

"Current year" defined

Sec. 3. As used in this chapter, "current year" means the year for which a taxing unit seeks to obtain a loan under this chapter to replace revenue lost from a taxpayer.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-4

"Fund" defined

Sec. 4. As used in this chapter, "fund" does not include the general fund of a school corporation. The term includes the successor fund to a fund for which a taxing unit in the base year levies a property tax.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-5

"Taxpayer" defined

Sec. 5. As used in this chapter, "taxpayer" means a federal:

- (1) agency;
- (2) instrumentality; or
- (3) government sponsored enterprise;

including the National Railroad Passenger Corporation established under 45 U.S.C. 541, Amtrak (49 U.S.C. 24301 et seq.), a rail carrier subsidiary of the National Railroad Passenger Corporation established under 45 U.S.C. 541 or Amtrak, a lessor or lessee of the National Railroad Passenger Corporation established under 45 U.S.C. 541 or Amtrak, or a rail carrier subsidiary of a lessor or lessee of the National Railroad Passenger Corporation established under 45 U.S.C. 541 or Amtrak that, with the consent of the United States Congress, pays property taxes in Indiana for at least one (1) year.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-6

Application and qualifications for loan

Sec. 6. (a) A taxing unit may apply for a loan under this chapter.

(b) A taxing unit qualifies for a loan under this chapter for a fund if:

- (1) the United States Congress limits or terminates its authorization for a taxing unit to impose a property tax on a taxpayer;
- (2) the lost revenue for at least one (1) fund, as determined under section 10, STEP THREE of this chapter, is at least five percent (5%) of the property tax revenues for the fund that the taxing unit would have received in the current year if the United States Congress had not limited or terminated payments from the taxpayer to the taxing unit, as determined under section 10, STEP TWO of this chapter; and
- (3) the taxing unit appeals to the department of local government finance for emergency financial relief under this chapter in the same manner as an appeal for emergency relief under IC 6-1.1-18.5-12 or IC 6-1.1-19-4.1.

The appeal required under subdivision (3) may be filed at any time.

(c) A taxing unit may receive a loan to replace lost revenue only for the first five (5) years in which the taxing unit loses revenue as a result of an act of the United States Congress described in subsection (b)(1).

As added by P.L.58-1997, SEC.1. Amended by P.L.2-1998, SEC.21; P.L.90-2002, SEC.205.

IC 6-1.1-21.7-7

Financial relief granted within 30 days after filing appeal; calculation of amounts

Sec. 7. (a) The department of local government finance shall grant emergency financial relief to a taxing unit that qualifies under section 6 of this chapter not more than thirty (30) days after the appeal is filed by the taxing unit. The department of local government finance shall compute the amount of the loan that a taxing unit is eligible to receive in a calendar year under this chapter. The amount of the loan is the lesser of the amount sought by the taxing unit or the maximum loan allowed under section 9 of this chapter. The department of local government finance shall include the amount of the approved loan for the initial year of the loan in the order granting emergency financial relief.

(b) Upon approval of emergency financial relief under this chapter, the department of local government finance shall transmit sufficient information to the board to consider the application of the taxing unit. During the term of the loan, the department of local government finance shall annually compute and transmit to the board the amount of loan proceeds for which the taxing unit is eligible in a calendar year after the initial year of the loan.

As added by P.L.58-1997, SEC.1. Amended by P.L.90-2002, SEC.206.

IC 6-1.1-21.7-8

Loan money distributed within 30 days after grant of loan; agreement between board and taxing unit; provisions

Sec. 8. The board shall make a loan from the counter-cyclical revenue and economic stabilization fund to the taxing unit in the amount specified in the order of the department of local government finance under section 7 of this chapter not more than thirty (30) days after the department notifies the board under section 7 of this chapter that the appeal for emergency relief has been granted. The board and the taxing unit shall enter into a written agreement governing the terms and conditions of the loan. The agreement must contain the following provisions:

- (1) The taxing unit is obligated to pay an interest rate of five percent (5%) simple interest per year on the outstanding balance of the loan.
- (2) The taxing unit is obligated to begin repaying the principal of the loan after January 1 in the sixth year after the year in which the loan is granted.
- (3) The taxing unit shall repay the loan on the schedule agreed to between the board and the taxing unit with the last payment being made not later than December 1 in the tenth year after the year in which the loan is granted.
- (4) In addition to any other remedy available to the board, the board is authorized to offset the amount of any delinquent payment on the loan from property tax replacement credit or homestead credit distributions otherwise due the taxing unit.

As added by P.L.58-1997, SEC.1. Amended by P.L.90-2002, SEC.207.

IC 6-1.1-21.7-9

Maximum amount of loan

Sec. 9. (a) The maximum loan that a taxing unit may receive for a calendar year is equal to the result determined in STEP THREE of the following formula:

STEP ONE: Determine under section 10 of this chapter the lost revenue in the calendar year for each fund described in section 6(b)(2) of this chapter.

STEP TWO: Determine the sum of the STEP ONE amounts for all funds described in section 6(b)(2) of this chapter.

STEP THREE: Multiply the STEP TWO result by a phase out factor based on the following table and the number of calendar years that have occurred after the calendar year in which an act of the United States Congress described in section 6(b)(1) of this chapter initially takes effect to reduce or eliminate the payment by a taxpayer of property taxes:

Elapsed Years	Phase Out Factor
0	1.00
1	.80
2	.60
3	.40

4	.20
5 and thereafter	0.00

Round the result to the nearest dollar (\$1).

(b) The board may rely on the order of the department of local government finance under section 7 of this chapter to determine the:

(1) eligibility of a taxing unit for a loan under this chapter; and

(2) amount of a loan to grant to a taxing unit under this chapter.

As added by P.L.58-1997, SEC.1. Amended by P.L.90-2002, SEC.208.

IC 6-1.1-21.7-10

Lost revenue for fund

Sec. 10. The lost revenue for a fund is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the property tax levy approved by the department of local government finance for the base year, as adjusted by the following:

(A) If the taxpayer made payments in lieu of taxes in the base year that were not included in the property tax levy for the base year, add the amount of the payments in lieu of taxes made by the taxpayer in the base year to the amount of the tax levy.

(B) If part of the taxpayer's property that was used in the base year to compute the taxpayer's payments to the taxing unit is not in the taxing unit or would not otherwise be the basis for taxpayer payments to the taxing unit in the current year, reduce the amount determined in this STEP to reflect the removal of the property.

(C) If the taxpayer's property used to compute the property taxes or payments in lieu of property taxes paid in the base year is depreciable property that would have had a lower assessed value in the current year, reduce the amount determined in this STEP to reflect the lower amount of property taxes or payments in lieu of property taxes that the taxpayer would have paid in the current year for the same property.

STEP TWO: Determine the current levy using the tax rate used for the base year as follows:

(A) Determine the assessed value of all taxable property on which property taxes will be collected:

(i) in the current year; and

(ii) for the smaller of the geographic area in which the taxing unit imposed property taxes for collection in the base year or the geographic area in which the taxing unit imposes property taxes in the current year.

If a general reassessment has become effective in a year after the base year, adjust the assessed value determined in this clause to neutralize the effects of reassessment.

(B) Multiply the assessed value determined for the current year under clause (A) by the tax rate for the fund in the base

year.

(C) Divide the result under clause (B) by one hundred (100).

(D) Subtract the amount of any:

(i) property tax payment; or

(ii) payment in lieu of property taxes;

made by the taxpayer to the fund for the current year that is not included in the amount determined under clause (C).

STEP THREE: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP ONE amount minus the STEP TWO amount.

As added by P.L.58-1997, SEC.1. Amended by P.L.90-2002, SEC.209.

IC 6-1.1-21.7-11

Time of distribution of proceeds

Sec. 11. Loan proceeds shall be distributed to a taxing unit either on the same schedule as property tax replacement credits are distributed under IC 6-1.1-21 or another schedule to which both the board and the taxing unit agree.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-12

Uses of loan proceeds

Sec. 12. The loan proceeds shall be deposited in each fund that experiences lost revenue, as determined under section 10 of this chapter. The loan proceeds may be expended for any purpose for which other money in the fund in which it is deposited may be expended, including the payment of debts incurred in anticipation of the receipt of the loan proceeds.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-13

Proceeds treated as property taxes

Sec. 13. Loan proceeds received under this chapter shall be treated as property taxes receivable by the fund in which the loan proceeds are deposited for the purposes of receiving any excise tax, state distribution, or other distribution of tax revenues that is computed on the basis of the amount of the taxing unit's property tax levy, except property tax replacement and homestead credits.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-14

Proceeds not considered levy excess

Sec. 14. Loan proceeds received under this chapter may not be considered to be a levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-15

Repayment of loan

Sec. 15. The proceeds of a loan under this chapter are repayable from the debt service fund of the taxing unit receiving the loan. A taxing unit may impose the ad valorem property tax levy necessary to repay a loan granted under this chapter.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-16**Appropriation of money for loans**

Sec. 16. Beginning January 1, 1998, there is annually appropriated to the board from the counter-cyclical revenue and economic stabilization fund sufficient money to make the loans required by this chapter.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-17**Delinquency**

Sec. 17. If a taxing unit is delinquent in repaying a loan granted under this chapter, the board may certify the amount of the delinquency to the auditor of state and the department of state revenue. Upon receiving a certification under this section, the auditor of state and the department of state revenue shall reimburse the board in the amount of the delinquency from property tax replacement credit or homestead credit distributions otherwise due the taxing unit. The auditor of state and the department of state revenue shall reduce the amount distributed for payment to the taxing unit by the amount paid to the board under this section.

As added by P.L.58-1997, SEC.1.

IC 6-1.1-21.7-18**Deposit of repaid loans**

Sec. 18. Amounts repaid to the board under this chapter shall be deposited in the counter-cyclical revenue and economic stabilization fund.

As added by P.L.58-1997, SEC.1.